

Chapter Six -- For Landlords: Making Your Business Pay!

Landlords take a lot of unfair flak, criticism and stereotyping. Amid all the "bad press," the community often forgets what an important asset you are in providing an absolutely essential service! And nobody does it better--certainly not government.

Some days you probably want to throw in your cape and get out of the dang business, but then you stop and think about the people depending on you for a roof over their head, even those who never say "thanks."

WHERE WOULD 28,000 CHATTANOOGANS BE WITHOUT THEIR LANDLORDS?

Managing both buildings and people at the same time is hard work. So what else is new? Hopefully these tips will help make it all worthwhile. Read them all, particularly if you are new to landlording or if you only manage a few properties. We guarantee you'll get some ideas to help you make money--or at least save some!

A wise landlord, large or small, will review **Rentwise!** thoroughly, because his tenants surely will.

PETS: They sometimes cause problems, but half of American fami-lies include a dog or cat. Advertise that you accept pets, and you'll have no trouble getting the rent you want. Ask for an extra pet deposit and/or fee, and consider adding "pet rent" to the monthly bill. A standard pet policy is essential and age of pet important. For example, "Dogs--maximum of one, under 50 pounds, at least 9 months old, no fighting breeds, spayed or neutered." "Cats--maximum 2, neutered, at least 3 months old."

EXTRA TENANTS: You have no responsibility whatever to persons who move in with the lessee, but who aren't on the lease. Do not collect rent or deal with them regarding the unit. They are not the "legally responsible party"! Things get messy when you accept money from someone other than the person you contracted with. You can add them to the lease, but then the original tenant cannot make them leave. You can get rid of "unauthorized occupants" by threatening to evict the tenant, or using the Trespass law.

GOOD RELATIONSHIPS

INSURANCE: Litigants will show no mercy when they go after your assets. If you own income property, you have special insurance needs and need a good advisor. Flood and earthquake insurance has to be purchased separately. Ask your insurance company to inspect your property and suggest ways to reduce risk (and premiums). Look for uneven walkways, poor lighting, sharp protrusions, loose railings and toilet seats, slippery steps or anything that might trigger a liability suit. Ask tenants--by letter--to report unsafe conditions & suggest corrective actions. **File 'em** as documentation and follow up!

DECORATING: When it comes to keeping tenants long-term, the fewer rules the better. But you may need to discuss least-damaging methods of hanging heavy things from plaster walls and ceilings. And those stickem wall hangers are hell on sheetrock! Ban bedsheets from windows by installing cheap mini-blinds. Tenants like them and they're safer for vacant units too. Wall-to-wall carpeting increases rentability because of it's warm homey look and soundproofing quality. Choose inexpensive tweed in a neutral to dark tone. Ants, ashes, and crumbs will blend right in. Don't take long-term renters for granted. You'll be sick when they

move just because the place needed paint and carpet. Now you have to do it anyway!

BANKRUPTCY: When a tenant files Chapter 7 or 13 and includes rent as debt, you can't enforce your contract rights unless you file a "Lift / Stay Motion." This delays eviction by only about two weeks.

FAIRNESS

DETAINER WARRANTS: Issue the warrant to "Defendant And Occupants" to sue for both possession and back rent. It can be served by the sheriff, registered mail or a private processor. The Landlord/Tenant Act requires that you serve a written notice of non-payment of rent before you have a right to terminate.

SCREENING: Always check with former landlords and verify income and length of time on the job. Don't be afraid to say "no"!

CREDIT REPORTS: If you reject an applicant because of poor credit, you must name the credit reporting bureau and tell applicant he can get a free report (Ruling July, 1997).

LEASE: Buy a prepared lease form at an office supply store and rewrite it in plain English so that tenants can understand and abide by it. Go over each provision with them and their kids. Always provide them with a copy!

DEFECTS: If you rent a unit with hidden defects, disclose them to the prospective tenant. Contract in good faith! If utility bills will be high, the tenant should be warned or you'll have to put up with late rent.

KNOWLEDGE IS POWER: Get a copy of the Landlord/Tenant Act (see HELP!) and familiarize yourself with this book. Tenants are becoming more aware of their **rights**, and you can use this guide to point out their **responsibilities**!

COMPLAINTS: Respond to repair requests promptly; if you can't fix immediately, give tenant a realistic date to expect service and then stick by it. If the tenant **Trusts You**, he'll put up with difficulties.

DECREASE EXPENSES: When the tenant causes damage, the tenant has to pay. But many landlords don't bother to charge back expenses as they happen. Bill the tenants for the broken window now and make them act responsibly. Don't wait to charge everything to the damage deposit when they move out!

WISDOM

CONSCIOUS AWARENESS: Make it easy for tenants to recycle by providing a place to sort and deposit glass, plastics, metals and especially newspaper/magazines. It will cut the garbage mess in half.

DISCRIMINATION COMPLAINTS: Avoid them by ensuring that procedures and qualifications are uniform for all applicants. If you rent 3 or more units, put your non-discrimination policy in writing, post it, and distribute to all employees. Document any employee training that includes info on the Fair Housing Act. You need not fear evicting a member of one of the protected classes if your enforcement of rules, warnings, and

documentation are standardized. Read the section on Discrimination in Chapter One to see what qualifications you may demand from applicants.

LABOR-FOR-RENT: Always put these deals in writing and specify material, time-frames, and who pays for what.

INSURANCE: The landlord is not liable for loss of a tenant's possessions by fire, flood, theft, etc. (unless tenant proves negligence), but seldom do tenants know they are vulnerable. Always advise them to buy Renter's Insurance.

RULES: Some landlords attach a list of regulations to the lease. If signed by tenant, it is binding. If a tenant breaks a rule, it's fairly standard to issue a 14-day warning notice stating that if the situation isn't corrected, eviction can begin with only 14 days additional notice. Rules should be consistently enforced to prevent discrimination complaints and instill good habits.

ACCESS: The landlord cannot enter the tenant's unit without per-mission except in an emergency or in case of abandonment (see The LAW).

GOOD FAITH

DISABLED: Owners can't deny the right of physically disabled tenants to construct "reasonable modifications" in order to have "full enjoyment of the premises." You can require the tenant to pay for them and to restore the unit to its original state when vacating.

BAD ACTORS: You can legally evict in 3 to 5 days with very good evidence of drugs, prostitution or violence. (See Notice in Chapter Four.) The new Crack House Bill enables neighbors to present good evidence to the D.A. who can then **force** the landlord to quickly evict .

CITY CODE: It is unlawful to rent a dwelling which is in violation of City Code or is unfit for habitation due to dilapidation or defects which increase the hazard of fire or other accident (see code provisions on page 38).

EVICTIION: You cannot legally file a detainer unless you've given proper notice in writing. You must sign an affidavit that you have delivered the notice, and bring a copy to court. You cannot turn off utilities, throw tenants out, or threaten them (no matter how badly you want to) during this process.

DAMAGE DEPOSITS: This is the tenant's money. It is unlawful to bank it with your rental income. The location of the escrow account must be supplied to tenants. ***If you sell the building, the account must transfer to new owner!*** By law, you must inspect within 3 days after the tenant vacates and estimate the cost of **each** damaged item.

PROFITS: Use a simple bookkeeping system (on a computer if possible) to keep track of the profitability of each unit. Record rent receipts and actual costs such as taxes, maintenance, insurance, legal and advertising fees, utilities, loan payments, and the cost of vacancy. You'll know whether you're making 10% on your investment or losing 12%! ***Or, consider hiring a bookkeeping service to do this for you.***

DIMINISHED VALUE: If your failure to make repairs results in some "loss of use" of the unit, determine what percentage of value was lost, and offer a rent reduction accordingly. This will increase tenant's patience and may ensure that he won't withhold rent or call City inspectors.

GOOD BUSINESS

MAINTENANCE: Glue instructions on preventing frozen pipes inside a kitchen cabinet. Post a warning about storing possessions in basements that flood. If tenants negligently ignore them, you may possibly escape liability.

RENT RAISES: Retain good tenants by giving 50 or 60 days notice of a rent raise. This gives them a chance to get over their "mad", check out the competition, and decide they can live with the raise.

P.R.: Leave a "WELCOME" flyer in each unit telling tenants who to call in emergencies (you, plumber, fire, police, etc.) **and how to turn off the gas**. Tell them where and when the Neighborhood Association meets, location of schools, youth centers and other services.

KEEP UP: Join the Chattanooga Apartment Association, subscribe to a professional newsletter, attend conferences, get to know a landlord/tenant attorney, make contact with city's Office of Neighborhood Services and the counselors at the Housing Info Line. Buy a book on Landlording!

MIND YER MANNERS: Some landlords continuously dump piles of discarded furniture on curbs causing actual on-going **harm** to the image of the neighborhood. Taxpayers should not carry this business expense for you! Stop abusing neighbors and the system. The Housing Code states that it is the responsibility of the landlord to haul bulky residential trash to landfills (open from 8am to 6pm Mon-Fri and 8-11 on Sat.) If a pick-up or small trailer is used, there is **no charge**. Larger loads cost \$25 per ton.

REPAIR REQUESTS: Act promptly on requests. Even if repairs are unsuccessful, an attempt to repair can bar damage awards. If repeated attempts fail, or the cost is prohibitive, **lower the rent**. In the long run this may cost less than legal fees from resulting disputes.

GOOD NEIGHBORS: Don't lower your property values (and those of neighbors) by harboring criminals or slovenly tenants who create unsightly or dangerous conditions. Efforts to rid your property of undesirables must be decisive and diligent. Neighborhood Associations are bearing down on owners of rental property in older and lower income areas. The City's new Office of Neighborhood Services is focused on improving services and property values by coordinating all city departments and related agencies.

PAPERWORK: Ease the burden of documentation by getting standard forms from an attorney or office supply store. Include applications, warning notice, eviction notice, promissory note, move-in and move-out condition lists, and a lease which you should alter to fit your needs. Don't put off paperwork, and keep a standard file on every tenant. Written records protect you in court cases.

GOOD FORTUNE!